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ARIZONA CORPORATION COMMISSION

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Chairman Marc Spitzer
Commissioner Jeff Hatch-Miller
Commissioner Mike Gleason
Commissioner Kristin Mayes

Re: Truth in Billing

Dear Colleagues:

As you may know, NARUC has adopted a "truth-in-billing" resolution that calls for the separation of charges that are required to be passed through to customers from those charges that are not compulsory but "are specifically authorized to be passed through." The resolution avows that many carriers, both wireline and wireless, impose separate monthly surcharges that are not governmentally required while describing these charges in a way that would mislead their customers into thinking that the fees are mandated by government regulation. The problem is compounded by the fact that these fees "are rarely disclosed to consumers when they sign up for service, so customers end up paying more than expected."

It appears that such billing practices are becoming more commonplace. Other state commissions are already grappling with the problem. For example, the Iowa Utilities Board has raised an issue with a charge recently levied by Qwest Communications International, Inc. against its long distance customers. The new 99 cent surcharge is called an "Interstate Services Fee" and will be charged whether the customer makes a long distance call or not. According to the Iowa Utilities Board, "Calls to Qwest representatives have yet not yielded an answer to what is being recovered by this new charge or how this charge was derived."

I wanted to inform you that I have requested a new generic docket be opened to examine the billing practices of telecommunications providers in Arizona. It is important for the Commission to know if companies in its jurisdiction are attempting to make some of the fees that they impose on their customers appear to be the result of government mandates when in fact they are not. If this is taking place in Arizona, then this Commission must take appropriate action.

Sincerely,

A handwritten signature in cursive script that reads "William A. Mundell".

William A. Mundell, Commissioner
Arizona Corporation Commission

cc: Brian McNeil
Lyn Farmer